

Meeting Date:

1/13/09

# AGENDA REPORT

City of Santa Clara, California

Agenda Item #

7C-1



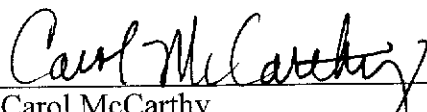
**Date:** January 7, 2009

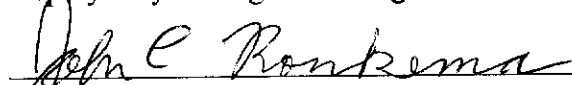
**To:** City Manager for Council Information

**From:** Deputy City Manager and Director of Electric Utility

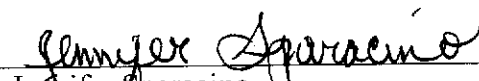
**Subject:** January-February 2009 Issue of "Public Power Magazine" Features Electric Utility Assistance to Low-Income Customers

The January-February 2009 issue of the American Public Power Association's "*Public Power Magazine*" had a cover story about the struggle of low-income utility customers to cope with the economic downturn, and how utilities are working to help these customers. Prominently featured is the City of Santa Clara's Electric Utility/Silicon Valley Power. Utility Division Manager Larry Owens is quoted. The Modesto Irrigation District is also included in the article, along with a few other utilities in the nation. Attached is a copy of the story.

  
\_\_\_\_\_  
Carol McCarthy  
Deputy City Manager

  
\_\_\_\_\_  
John Roukema  
Director of Electric Utility

APPROVED:

  
\_\_\_\_\_  
Jennifer Sparacino  
City Manager

**Documents Related to this Report:**

- 1) "Heat or Eat, a growing number of customers struggle to pay for basic needs," an article from the January-February 2009 issue of "*Public Power Magazine*"

I:\CTYMNGRS\AGENDA REPORTS\2009\Public Power Magazine Article Low Income Customers.doc

# Public POWER

January-February 2009  
Volume 67, Number 1

Jan 4, 2009

Customer Bill

## Electric Bill

Account # 2072220

Due Date: Jan 4, 2009

Total Amount Due:

\$ 478.92

To avoid a Late Payment Charge of 1.5% please pay by Jan 4, 2009

Expiration of Bill Detail

1-000-000-0000

Previous Billing	272.15	
Payment Received	272.15CR	
Balance Forward		0.00
Electric Service (Schedule 1)		50.00
Distribution Service		218.47
Electric Supply Svc		0.74
State and Local Charges		4.80
APL/STATION (MIS) (1.5% surcharge)		3.00
Total Current Charges		278.06
Previous Bill		170.82
Total Amount Due		478.92

For service emergencies and power outages, please call 1-000-000-0000. Visit us at [www.dominion.com](http://www.dominion.com)

Meter and Usage

Current Billing Days: 28

Blacks Usage

Schedule 1

Total kWh

Measured

Usage History

Mo

Tu

We

Th

Fr

Sa

Su

11/12-12/11

26840

26841

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Important Customer Information

Thank you for being a prompt paying customer.

If you would like to receive and pay your bills electronically, sign up for this service at [www.dominion.com](http://www.dominion.com) and select the option to receive and pay your bills electronically.

Added for Dec. 15, 2008

Added for Dec. 15, 2008

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Added for Dec. 15, 2008

10 Questions  
Dan Aschenbach

# Heat or Eat?

A growing number of customers struggle to pay for basic needs.

BY BRIDGET MINTZ TESTA

Jan 4, 2009

Customer Bill

## Electric

### Billing and Payment Summary

Account # 2072220

Due Date: Jan 4, 2009

Total Amount Due:

\$ 476.92

To avoid a Late Payment Charge of 1.5% please pay by Jan 4, 2009

### Explanation of Bill Details

Previous Balance  
Payment Received  
Balance Forward

Residential Service (Schedule 1)  
Distribution Service  
Electricity Supply Svc  
Sales and Use Surcharge

State/Local Consumption Tax  
ARLINGTON Utility Tax  
Total Current Charges

Total Account Balance

Visit our website or call our office for rate schedule

For service emergencies and power outages, please call 1-800-600-0000. Visit us at [www.dom.com](http://www.dom.com).

### Meter and Usage

Current Billing Days: 29

Billable Usage  
Schedule 1  
Total kWh

Measured Usage  
Meter: 0115343899  
Current Reading  
Previous Reading  
Total kWh

### Usage History

Mo	Yr	kWh
Jul	06	2606
Aug	06	2186
Sep	06	2085
Oct	06	1327
Nov	06	1721
Dec	06	1189
Jan	07	1895
Feb	07	1802
Mar	07	1817
Apr	07	1456
May	07	1867
Jun	07	2816
Jul	07	2849

### Important Customer Information

Thank you for being a prompt paying customer.  
If you would like to receive and pay your bills electronically - sign up for this service at [www.dom.com](http://www.dom.com) and select

Mailed on Dec. 15, 2008

### Price to Compare

Jun-Sep  
Oct-May  
Annual Average  
Use these prices to compare to offers from competitive service providers.

e/kWh  
7.20¢  
5.52¢  
6.29¢

**A**mericans had already been battered hard by high gasoline prices, plunging home values, resetting adjustable mortgages and rising unemployment when the bottom dropped out of the stock market and banks and brokerage firms started keeling over right and left. Middle- and high-income families are likely to weather this economic storm, but low-income families are in dire straits. Energy is now an expense weighed against food and medication for those who cannot afford all three.

To help low-income customers, public power utilities offer an array of programs through discounts and grants for emergency assistance, often through coordination with social service and other organizations to provide funds. Most offer help in reducing energy consumption, frequently through energy audits, weatherization and upgrading customers' energy-inefficient appliances, such as refrigerators. Whatever utilities do, however, more always seems needed.

California's Silicon Valley is not usually associated with financial need, but Silicon Valley Power, which provides electricity to 45,000 residents of the area, has 1,100 low-income customers who qualify for assistance. The utility's primary low-income program, started in 1998, is a 25 percent billing discount. "This was a start, but we wanted to do more," said Larry Owens, a spokesman for the utility.

From 2003 to 2005, the utility offered an award-winning refrigerator give-away program. "Low-income customers tend to keep their refrigerators forever," Owens said. On a first-come, first-serve basis, 50 customers each year exchanged their old, energy-hogging behemoths for new, energy-efficient units. In total, Silicon Valley Power replaced about 150 refrigerators, spending less than \$55,000 for all aspects of the program, including recycling the old appliances and their Freon. "The new units use about 450 kilowatt-hours per year, and they're replacing something that used two to four times that," Owens said. In 2006, the utility also gave 700 fans to customers to reduce air conditioning use.

In 2007, Silicon Valley Power began automatically enrolling everyone living in a housing facility identified as low-in-

come by the local social service agency into its discount program. "This is one of the synergies you get when you align with other organizations on the eligibility criteria," Owens said.

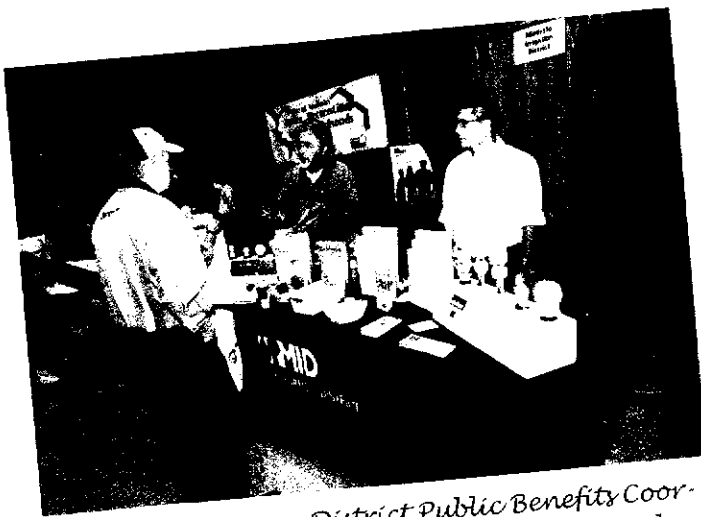
To the north, Vera Water and Power provides electricity and water to 9,700 customers in the Spokane Valley of eastern Washington. Its program offers low-income emergency assistance by channeling customer donations to Spokane Valley Partners, the only comprehensive social-services organization serving the valley. "When a customer

gets behind on his or her electricity bill, that's often the first sign of trouble," said Jeremy Keller, Vera's credit manager. Vera sends the customer to Spokane Valley Partners, for help with their energy bills and other issues.

Vera's guidelines permit its donations to fund up to \$75 for an emergency grant per customer per year. Since Spokane Valley Partners coordinates resources from the entire community, however, it can add funds to bulk up that one-time grant. "Vera provides money on a month-to-month basis," said Steve



*Silicon Valley Power and Modesto Irrigation District help customers reduce their electricity bills by swapping new Energy Star refrigerators for old, less efficient models. The old units are recycled. Top photo courtesy Silicon Valley Power. Bottom photo courtesy Modesto Irrigation District.*



*Modesto Irrigation District Public Benefits Coordinator Ken Hanigan educates a customer about the MID CARES program. The utility promotes its CARES program at community events throughout the year. Photo courtesy MID*

state energy officials reported by the National Energy Assistance Directors' Association, total residential fuel costs are expected to increase in 2009 by 14.6 percent over 2008 from an average of \$972 to \$1,114.

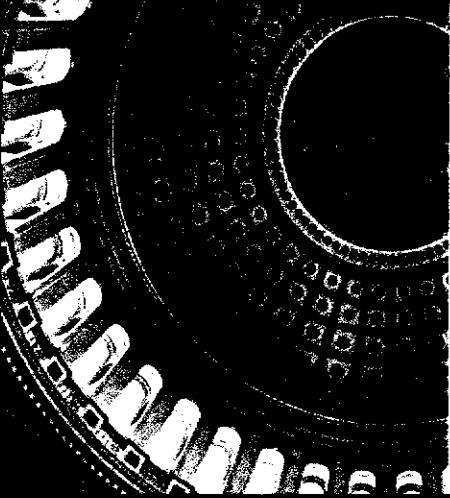
Last March, NEADA released a report showing arrearages had increased by 14.8 percent between March 31, 2007, and March 31, 2008. Even with an increase from \$2.57 billion in federal LIHEAP (Low Income Home Energy Assistance Program) funds for 2008 to \$5.1 billion for 2009, "there are concerns that with increased unemployment and somewhat higher energy prices, this might not be enough," said Mark Wolfe, NEADA executive director. "There are more shut-offs, and more families need help. Congress is recognizing that."

According to Wolfe, about 10 percent of customers have always fallen behind on bills, and typically power was cut off to about 1 percent. Now, 5 to 7 percent of

2009

# Legislative Rally


FEBRUARY 23-26, 2009. THE MAYFLOW HOTEL, WASHINGTON, D.C.



**E**ach year, approximately 700 public power utility managers, board members, mayors and city council members gather in Washington to shape APPA's legislative priorities and convey the value and benefits of public power to Members of Congress.

Once again, this premier public power event is being held at the venerable Mayflower Hotel. Don't miss this opportunity to impact public power's legislative policy—register today!

For more information, including the registration form and hotel information, go to the "Events Calendar" online at [www.APPAnet.org](http://www.APPAnet.org). For additional program details please contact Joy Ditto at 202/467-2954; [jditto@APPAnet.org](mailto:jditto@APPAnet.org).



**American  
Public Power  
Association**

customers in some communities are getting shut off, Wolfe said. "That's Depression-era policy, and it won't work. We need more coordination to keep low-income families connected to the grid. We must find a way to systematically help these people."

Roger Colton has been involved in energy and utility issues for 25 years as a lawyer and consultant. A partner in the Boston-area legal and economic consulting firm Fisher, Sheehan & Colton, he specializes in analyzing and evaluating low-income programs. In a recent evaluation, Colton identified a number of best practices that utilities can adopt.

His primary recommendation is for utilities to tie their programs to income levels, and to tie them to energy costs as an affordable percentage of income. "Whether or not you use a discount or a percent-of-income program," Colton said, "at its heart is reducing [the energy] bill to an affordable burden, which is no

more than 6 percent of income." Six percent is the optimum amount that should be budgeted to electricity and heating, he said. "These kinds of programs actually collect more money," he said. Essentially, utilities bill less but collect more because they focus collections on those who can pay. "So this not only helps the low-income, but also the utility is better off."

Another best practice is for utilities to tie their energy-efficiency programs to their rate-affordability programs. As is the case with Modesto Irrigation District, Lincoln Electric System and Silicon Valley Power, many public power utilities already practice this. As much as possible, low-income customers should also enroll in "balanced" or level billing programs, to protect against price volatility.

Colton also recommended partnering with private and public institutions that deliver public assistance. "Public utilities aren't in the business of doing intake for the low-income," he said. "When utilities

try to do that, low-income households aren't eager to enroll in the programs. The customer is having trouble paying, and then the utility says, 'you come in and tell us all about your household finances.' The customer's response is, 'no, thanks.'" Vera Water and Power, Lincoln Electric and Modesto Irrigation District all choose to make such partnerships, as do many other utilities.

"If all of these [practices] fit together, you get synergy," Colton said. "The whole is more than the sum of the parts."

Wolfe has one more suggestion. "Right now, the burden of helping the low-income falls mainly on the energy sector, and maybe it shouldn't," he said. "The problem is big and growing. You can't deal with it in one service area. It's beyond the utilities' ability to address, or even the states' ability. We need a national solution. We need an integrated strategy. We're heading there, but we don't have one yet." ■